



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA  
Chief Executive Officer

June 27, 2011

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To: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

From: William T Fujioka  
Chief Executive Officer

**MOTION TO SEND A FIVE-SIGNATURE LETTER OPPOSING SB 776 TO GOVERNOR BROWN, THE COUNTY'S LEGISLATIVE DELEGATION, AND THE ASSEMBLY APPROPRIATIONS COMMITTEE (ITEM NO. 36-B, SUPPLEMENTAL AGENDA OF JUNE 28, 2011)**

Item No. 36-B on the June 28, 2011 Supplemental Agenda is a motion by Supervisor Knabe to send a five-signature letter opposing SB 776 (DeSaulnier), in its current form, to Governor Brown, the County's Legislative Delegation in Sacramento, and the Assembly Appropriations Committee.

As reported in the June 22, 2011 Sacramento Update, County-opposed SB 776 (DeSaulnier), as amended on June 15, 2011, would impose requirements related to the expenditure of Workforce Investment Act (WIA) funds at the local level for job training programs. Specifically, this measure would do the following:

- Establish threshold requirements for the percentage of WIA funds provided to local workforce investment boards to be spent on training programs, support services, and specified bridge services as follows: 1) at least 20 percent beginning Federal Program Year 2012; 2) at least 30 percent in 2014; and 3) at least 40 percent in 2016;

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- Require the Employment Development Department (EDD) to monitor compliance, as specified, and require a local workforce investment board that does not meet these requirements to submit a corrective action plan to EDD;
- Specify that the expenditures that count towards the above requirement shall include services defined as training under Federal law, and supportive services as defined under Federal law, including needs related payments for books and training materials; and
- Require the California Workforce Investment Board to conduct an evaluation of these new requirements in Federal program year 2015.

Existing Federal law, the Workforce Investment Act of 1998, authorizes and seeks to coordinate the delivery of Federal-funded workforce development programs, including Adult and Dislocated Worker programs. Under WIA, each State must pass-through at least 85 percent of its Adult allocation and 60 percent of its Dislocated Worker allocation to local Workforce Investment Boards (WIBs), which determine how the funds are used, subject to Federal requirements. The program funds employment and training services to help vulnerable individuals find and qualify for meaningful employment, and helps employers find and train the skilled workers they need.

Currently, seven WIBs serve Los Angeles County, including the County's WIB that serves all unincorporated areas and 58 of the County's 88 cities. The County's WIB received \$29.9 million for Federal Fiscal Year (FFY) 2011, which is down from \$32.6 million in FFY 2010 even though the enacted Federal Fiscal Year 2011 Continuing Resolution increased the mandatory state pass-through amount. In addition, last year, the County's WIB, through its 17 One-Stop Career Centers, provided approximately 750,000 people with essential services, such as job search and placement assistance, career counseling and follow-up services to assist in job retention.

According to the Department of Community and Senior Services (CSS), SB 776 would have unintentional consequences which would impact the Department and the workforce investment system, which includes 27 WIA contractors. The impact of this bill would result in the closure of some one-stop centers where unemployed individuals seek services (i.e. career counseling, job search assistance), and the elimination or reduction of other much-needed employment services. Furthermore, the proposed requirements for expenditures of Federal funds on direct client services, training and supportive services only to those enrolled in training programs would limit the local WIBs flexibility in providing services to the local population.

The Chief Executive Office believes that the provisions, which reduce the percentage of total funding that local WIBs would have complete discretion over, are especially problematic because total available WIA funding has been dropping in recent years, and is expected to drop even more rapidly in future years due to the increased likelihood of Federal budget cuts. For example, between FFY 2009-10 and FFY 2011-12, WIA Adult funding to local WIBs in California fell from \$118.5 million to \$97.7 million – a 17.6 percent reduction. During the same time period, WIA Dislocated Worker funding to local WIBs dropped from \$127.4 million to \$105.4 million – a 17.2 percent reduction. Moreover, the House Appropriations Committee has allocated 11.6 percent less funding for the FFY 2012 Labor/Health and Human Services/Education Appropriations Bill, which funds WIA. Not only are local WIBs likely to continue to receive steadily less WIA funding from the Federal government, but SB 776 also would dictate how an increasingly higher percentage of available WIA funds are used at the local level without regard to local needs. Such new State-imposed requirements are completely inconsistent with the intent of Federal law and regulations which is to provide for local flexibility over the use of mandatory pass-through WIA funds in meeting locally determined needs and priorities.

The County has an oppose position on SB 776. On June 22, 2011, the Sacramento advocates testified in opposition to SB 776 at the bill's hearing in the Assembly Labor and Employment Committee. There was also significant opposition to the bill from other counties and workforce investment boards. SB 776 passed this Committee by a vote of 5 to 1; however, the Committee's Chairman directed the bill's author to work with opponents on their concerns. SB 776 is scheduled for a hearing in the Assembly Appropriations Committee on July 6, 2011.

SB 776 is co-sponsored by the California Labor Federation, AFL-CIO and California Manufacturers and Technology Association, and is supported by the Los Angeles County Workforce Investment Board; City of Los Angeles Workforce Investment Board; California Teachers Association; Service Employees International Union; and Council of California Goodwill Industries (support if amended).

The measure is opposed by the Los Angeles County Board of Supervisors; California State Association of Counties; California Workforce Association; City of Azusa; City of Covina; City of Glendora; County of San Bernardino; Riverside County Board of Supervisors; Riverside County Workforce Investment Board; Imperial County Workforce Development Board; Marin County Board of Supervisors; Merced County Workforce Investment Board; Orange County Board of Supervisors; San Diego Workforce Partnership; Santa Cruz County Workforce Investment Board; among many others.

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**Sending a five-signature letter in opposition to SB 776 is consistent with the County's oppose position, and existing Board policies to support proposals that: 1) provide greater flexibility over the administration, planning, and use of WIA funds; and 2) provide local elected officials greater control and flexibility over the administration, planning, and implementation of employment and training programs, because SB 776 is counter to these policies.**

WTF:RA  
MR:OR:MT:lm

c: Executive Office, Board of Supervisors  
County Counsel  
Community and Senior Services